



United Nations Conference
on Trade and Development

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TD/B/C.1/IRON ORE/L.1
23 October 1990

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Committee on Commodities
Intergovernmental Group of Experts
on Iron Ore
Fourth session
Geneva, 22 October 1990
Agenda item 3

REVIEW OF IRON ORE STATISTICS

Proposal by the delegation of Canada

The Intergovernmental Group of Experts on Iron Ore

Recommends that the Committee on Commodities approve the establishment of a Statistical Committee of the Group, open to all member Governments, which will be chaired alternately by a producer and a consumer, each for a tenure of two years, and which will meet prior to the annual meeting of the Group to prepare statistics on the production, trade and consumption of iron ore, as well as forecasts for the remainder of the year and the following year.



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TRADE AND DEVELOPMENT BOARD
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Fourth session
Geneva, 22 October 1990

DRAFT REPORT OF THE INTERGOVERNMENTAL GROUP
OF EXPERTS ON IRON ORE ON ITS FOURTH SESSION

held at the Palais des Nations, Geneva
from 22 to 24 October 1990

Rapporteur: Mr. Paul Lafleur (Canada)

INTRODUCTION

1. The fourth session of the Intergovernmental Group of Experts on Iron Ore was held at the Palais des Nations, Geneva, from 22 to 24 October 1990.
2. In the course of the session, the Expert Group held ... plenary meetings. At its 10th (opening) meeting on 22 October, it decided to pursue its discussions on agenda items 3, 4, 5 and 6 in informal meetings. It was agreed that a summary of the informal discussions for inclusion in the report would be presented by the Chairman at the closing plenary meeting.
3. An introductory statement was made, on behalf of Mr. K.K.S. Dadzie, Secretary-General of UNCTAD, by Mr. Y. Berthelot, Deputy Secretary-General, who in welcoming delegates made particular reference to the presence of consultants from the business sector. UNCTAD's work on iron ore had been furthered by the endorsement by the Trade and Development Board at its thirty-seventh session (decision 382) of the recommendation made by the Group at its third session, that "UNCTAD's work on iron ore should be maintained and that intergovernmental meetings of experts should be convened, with the participation of industry advisers, to exchange views on the iron ore situation and to review and enhance iron ore statistics". The decision reflected the need for continuing and strengthening international co-operation on iron ore. It was also an expression of confidence in UNCTAD as a viable framework for producer-consumer dialogue which addressed the needs of the international iron ore community. In the light of this decision, the Expert Group could now devote itself to discussions of three technical aspects: (i) enhancement of market transparency through a review of statistics; (ii) an open exchange of views on the current market situation and future outlook, including questions of finance, production capacity, trade flows, transport and changes in demand; (iii) keeping informed about the relevant studies of other international institutions and individual countries.
4. Confidence in the iron ore industry had grown as world production, consumption and trade reached record high levels in 1989 and the first half of 1990. This recovery had helped improve prices and should stimulate investment projects. However, there was uncertainty whether the recovery could be sustained in the face of projected lower world economic growth rates. World crude steel production had pushed iron ore production to an all-time high of 976.5 million tons in 1989, 2 per cent higher than in 1988, the previous record year. This positive development had provoked temporary shortages for some types of ore, revealing the vulnerability of the iron ore market to

demand shifts. It was thus in the long-term interest of both producers and consumers to hold regular consultations assessing the supply and demand perspectives with a view to achieving a better balance.

5. He went on to emphasize that co-operation between governments, industries and international organizations was now closer than ever; their valuable input had greatly enhanced the background documentation for the current meeting. The expanding network of statistical correspondents providing iron ore statistics now covered 70 countries. Studies for the annotated bibliography had been provided by 17 international organizations and 11 governments.

6. Initiatives taken by the secretariat to assure a fruitful outcome of the three-day meeting included, firstly, careful preparation of the organization of work and, secondly, inviting an eminent personality from the iron and steel industry to share his views on future trends in iron ore demand. Thirdly, specific governments had been encouraged to inform the Group about the iron ore industry in their countries. Fourthly, tables for completion would be distributed immediately so that delegates could indicate their governments' estimates of iron and steel production and iron ore trade prospects for 1990 and 1991.

7. The Chairman, Mr. Henri Nolard (Belgium), in his introductory statement, emphasized the importance of international co-operation for dealing with questions of supply and demand. Exchanges of information on commodity markets were especially important in view of imbalances resulting from falling prices detrimental for developing countries dependent on exports for their economic and social progress. He cautioned that market transparency alone could not resolve all the problems but that it would help solve certain specific problems.

Chapter I

- A. Review of iron ore statistics (agenda item 3)
(a) Review of the document "Iron Ore Statistics 1980-1989"
(TD/B/C.1/IRON ORE/3)
[to be completed in the light of discussions]
- B. Review of the current situation and outlook for iron ore (agenda item 4)
[to be completed in the light of discussions]
- C. Bibliography of relevant studies on iron ore (agenda item 5)
[to be completed in the light of discussions]
- D. Preparations for the fifth session of the Intergovernmental Group of Experts on Iron Ore (agenda item 6)
[to be completed in the light of discussions]
- E. Other business (agenda item 7)
[to be completed in the light of discussions at the closing plenary]

Chapter II

Follow-up action by the Group of Experts and closing statements
[to be completed in the light of discussions at the closing plenary]

Chapter III

ORGANIZATIONAL MATTERS

- A. Opening of the session
1. The fourth session of the Intergovernmental Group of Experts on Iron Ore was opened on 22 October 1990 by the incumbent Chairman, Mrs. Concepción Suárez de Fuchs (Venezuela).
- B. Election of officers (agenda item 1)
2. At its 10th (opening) meeting, on 22 October 1990, the Expert Group elected Mr. Henri Nolard (Belgium) as Chairman and Mr. Paul Lafleur (Canada) as Vice-Chairman-cum-Rapporteur.
- C. Adoption of the agenda (agenda item 2)
3. The Expert Group then adopted the provisional agenda for its fourth session (TD/B/C.1/IRON ORE/1), as follows:
1. Election of officers
 2. Adoption of the agenda and organization of work
 3. Review of iron ore statistics
 4. Review of the current situation and outlook for iron ore
 5. Bibliography of relevant studies on iron ore
 6. Preparations for the fifth session of the Intergovernmental Group of Experts on Iron Ore

7. Other business

8. Adoption of the report of the Intergovernmental Group of Experts on Iron Ore to the Committee on Commodities.

D. Membership and attendance

4. The following States members of UNCTAD were represented at the session: Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; France; Germany; Greece; Guinea; Hungary; India; Iran (Islamic Republic of); Italy; Kuwait; Mexico; Morocco; Netherlands; Norway; Peru; Philippines; Poland; Portugal; Republic of Korea; Senegal; Spain; Sweden; Switzerland; Thailand; Turkey; Union of Soviet Socialist Republics; United States of America; Venezuela.

5. The following other State member of UNCTAD attended as observer: Japan.

6. The Economic Commission for Europe and the Economic Commission for Africa were represented at the session.

7. The following specialized agencies were represented at the session: International Labour Organisation; International Monetary Fund.

8. The following intergovernmental organizations were represented at the session: Association of Iron Ore Exporting Countries; European Economic Community; League of Arab States.

9. A representative of the International Iron and Steel Institute, a non-governmental organization which has consultative status with the Economic and Social Council, attended the session at the special invitation of the UNCTAD secretariat.

E. Adoption of the report of the Intergovernmental Group of Experts to the Committee on Commodities (agenda item 8)

[To be completed at the closing plenary]

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TRADE AND DEVELOPMENT BOARD
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Intergovernmental Group of Experts
on Iron Ore
Fourth session
Geneva, 22 October 1990

Draft Summary of Informal Discussions
submitted by the Chairman

Chapter I

A. Review of iron ore statistics (agenda item 3)

(a) Review of the document "Iron Ore Statistics 1980-1989" (TD/B/C.1/IRON ORE/3)

1. The UNCTAD secretariat made a presentation of this document containing 26 tables with updated, detailed statistics. The compilation of the statistics was primarily based on the replies to the UNCTAD questionnaire on iron ore (TDO 254/3 (12-2)). A total of 50 countries accounting for virtually all production, consumption and trade of iron ore have presently been providing timely iron ore statistics directly to the UNCTAD secretariat. In order to improve the quality and coverage of the UNCTAD iron ore statistics, new tables were included in the above-mentioned document covering world exports in Fe content for the period 1980-1989, as well as iron ore imports for 1989 into the EEC, Japan and Eastern European countries, with breakdowns by origin and destination as well as by agglomerated and non-agglomerated ores. These new statistical tables supplement the universal coverage of traditional statistics of total volume and value of iron ore imports and exports, the network of exports by major region of destination, and the exports of pellets, and together they provide a comprehensive picture of world iron ore trade by origin and destination in 1989.

2. Recalling that more detailed and disaggregated information by product types had also been provided for the document, the secretariat expressed its appreciation to those statistical correspondents who were so effectively providing information to fill existing gaps and to improve market transparency through the compilation of original statistics. Continuous efforts were being made to use uniform criteria, definitions and sources, for the production of comparable statistics essential for the purpose of economic analysis.

3. In reviewing the "Iron Ore Statistics 1980-1989" (TD/B/C.1/IRON ORE/3), a number of participants expressed their appreciation for the quality of statistics provided by the secretariat in terms of coverage, timeliness and accuracy. The meeting agreed to include in the document definitions and footnotes which appear in the UNCTAD questionnaire (TDO 254/3(12-2)) in order to aid in understanding the statistics and facilitate reading. The iron ore questionnaire was also reviewed and a few modifications were suggested for its completion.

4. Revisions and up-to-date statistics were provided by participants for inclusion in the revised version of the document which will be distributed in the course of the session. The importance of receiving accurate and timely data was highlighted by a number of participants.

(b) System of national statistical correspondents for the provision of statistical data on iron ore to the secretariat

5. On this item, the secretariat informed the Expert Group that 70 countries had designated national focal points for the provision of iron ore statistics. This encouraging step had greatly facilitated the work of the secretariat in this area. Now the secretariat would be able to receive and check statistics even from countries not participating in the work of this Expert Group. Governments were invited to update the list in the course of the session.

(c) Year-to-date statistics and estimates for 1990 and 1991

6. With a view to assisting the Group to assess the year-to-date situation and possible trends for next year, the secretariat had distributed to each delegation a mini-questionnaire in order to collect the latest available data and/or estimates of key statistics for the current and following year.

(d) Iron Ore Statistical Committee

7. The representative of Canada made a proposal to create a statistical committee on iron ore within the framework of the UNCTAD Iron Ore Expert Group. This Committee should be open to all members of the United Nations and their industry advisors. The chairmanship, with a tenure of two years, could alternate between consuming and producing countries, he explained. The UNCTAD secretariat assigned to this Committee must be familiar with the industry. The Committee's main responsibility would be iron ore statistics, providing the most recent completed calendar year by country for: production of marketable iron ore by product; shipments of iron ore by product; exports of iron ore by product and destination; imports of iron ore by product and source; consumption of iron ore by product; producer and consumer stocks of iron ore by product; as well as the current year forecast of production of iron ore by product and consumption of iron ore by product.

B. Review of the current situation and outlook for iron ore
(agenda item 4)

8. The UNCTAD secretariat made a presentation of the document describing market developments which took place in 1989 and the first half of 1990. An overview of the achievements and problems faced by the iron ore industry in the 1980s was also given. The secretariat also presented views on the outlook for the iron ore market for the rest of 1990 and for 1991, which took into account the increasing economic and political uncertainties. The Group took note of recent developments in some producing countries including: planned new mining projects; technical achievements to increase mining efficiency and up-grade ores; prospects for the iron ore industry. The experts noted that world iron ore production and consumption had reached record levels in 1989. During the first half of 1990, iron ore demand had remained high, although less strong than in 1989, a situation which was expected to continue throughout the year. It was noted that the supply/demand balance for iron ore was tighter in 1990, due to some disruptions in supply, caused by, inter alia, strikes, technical and/or transportation problems and, in particular, the interruption of deliveries from Liberia. The question of new investments, particularly for new projects, and their financing requirements, was also addressed by the Expert Group.

9. In reviewing the market situation in the light of the secretariat's report on the current situation and outlook, the interventions focused exclusively on the supply side. In this context, presentations were given by the representatives of Guinea and Senegal on new iron ore projects in their countries. Developments in the iron ore industry in Australia, Canada, Sweden, the United States and the Union of Soviet Socialist Republics were also described. At the invitation of the UNCTAD secretariat, Mr. D.F. Anderson, Director of Economic Affairs for the International Iron and Steel Institute, made a detailed analysis of past and future supply and demand prospects.

10. For 1991, the situation was expected to be weaker. In addition to predicted lower economic growth rates, factors such as the volatility of oil prices, high interest rates, instability of financial markets would push inflation rates up, accentuating recessionary tendencies. This would affect the consumption of durables and capital equipment which, in turn, implied a decline of steel consumption, and hence of iron ore demand. However, iron ore

prices were expected to hold firm given the current tight demand/supply balance. Investments in the iron ore industry could well be inhibited in the short term because of uncertainties regarding the general economic situation.

- C. Bibliography of relevant studies on iron ore (agenda item 5)
[To be completed in the light of the discussions]
- D. Preparations for the fifth session of the Intergovernmental Group of Experts on Iron Ore (agenda item 6)
[To be completed in the light of discussions]
